EXHIBIT I

* * * C O N F I D E N T I A L * * *

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

BENJAMIN GROSS, Individually and on Behalf of All Others Similarly Situated,	)	
Plaintiff,	)	
vs.	)	No. 1:14-cv-09438-WHP
GFI GROUP, INC., COLIN HEFFRON, and MICHAEL GOOCH,	)	
Defendants.	)	
-------------------------	)	

June 21, 2017
9:38 a.m.

Videotaped Deposition of HOWARD W. LUTNICK, held at the offices of Wachtell, Lipton, Rosen & Katz LLP, 51 West 52nd Street, New York, New York, before Laurie A. Collins, a Registered Professional Reporter and Notary Public of the State of New York.

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I could answer a whole variety of ways.

Q. Is it a part of BGC?

A. Yes, GFI is -- GFI Company is a part of BGC.

Q. And what role does it play within BGC?

MR. LYNCH: Objection.

A. The GFI brand we use to separate a variety of desks and operating business lines from similar desks and operating business lines at BGC, so just -- it has the effect of being another brand within the business.

Q. Does it have separate managers?

A. Yes.

Q. And who today is the top manager of GFI?

A. Colin Heffron, who reports to Shaun Lynn, who would be obviously the top manager.

Q. What was GFI before BGC acquired it?

A. Public company.

Q. Was it a competitor of BGC?

A. In part, yes.

Q. In which part was it a competitor?

A. The wholesale financial brokerage business. An easier way to call it is the high-

touch version of that, meaning where the people are the interface between the clients.

Q. Are you distinguishing that from electronic brokerage?

A. Yes. So in parts GFI was a competitor in electronic brokerage, but in parts in their -- in their -- they owned a couple of technology companies that were not -- BGC did not have a competitive offering in that space. It was really not competitive. We were a client of -- for example, of Trayport we were a client, not a competitor.

Q. Were you also a client, not a competitor, of Fenics?

A. I don't know.

Q. What's the relationship between Cantor Fitzgerald and BGC?

MR. LYNCH: Objection.

A. Well, one relationship is Cantor Fitzgerald owns a -- owns the shares that are controlling more than a majority of the vote of the shares of BGC.

Q. Was there historical relationship between Cantor Fitzgerald and BGC?

Q. When was BGC first interested in acquiring GFI?

A. I don't remember exactly. Quite a while ago.

Q. Do you know whether it was before 2013?

A. Yes.

Q. Was it?

A. Yes.

Q. Do you know whether it was before 2012?

A. I don't remember when, but I think I would say yes before 2012, maybe 2010/'11. So before '12, but I can't put a finer point on that, sorry.

Q. Why was BGC interested in acquiring GFI?

A. GFI's high-touch brokerage business and its integrated electronic offerings, the integrated electronic offerings, within the high-touch brokerage business had some overlap to BGC but not significant. So they were in the same business but complimentary.

Therefore they would fit well together. We felt it would fit best together or one of the two best that would fit together with us like a

puzzle piece in consolidation of the business.

Q. Did BGC's interest in acquiring GFI increase over time?

MR. LYNCH: Objection.

A. I don't know if it increased, but it became more focused.

Q. When did it become more focused?

MR. LYNCH: Objection.

A. I can't remember exactly.

Q. Do you recall whether it was before 2013?

MR. LYNCH: Objection.

A. Not that I can think of. After but not before 2013.

Q. Did BGC make overtures to GFI about a potential combination of the businesses?

MR. LYNCH: Objection, time frame.

A. Yes.

Q. When was the first overture?

A. Well, the only time that I participated I met with Mickey Gooch and Colin Heffron at a lunch in Manhattan. I don't remember the date.

Q. Do you know which year that was in?

A. I don't.

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Q. Do you know whether it was before 2014?

A. Before 2014.

Q. Do you know whether it was before 2013?

A. I don't know for certain. I think it was before 2013.

Q. Could it have been as far back as 2012?

A. Sure.

Q. Might it have been in 2011?

A. I don't know.

Q. How was that lunch arranged?

A. I don't remember how it was arranged.

Q. Do you remember what you discussed at the lunch?

A. Generally.

Q. What was that?

A. It was that we were interested in possibly merging the two companies together. And if they were interested, we'd be happy to sit down and discuss a deal.

Q. What was Mr. Gooch and Mr. Heffron's reaction?

MR. LYNCH: Objection.

A. My recollection is that it was noncommittal but cordial.

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Q. What was your pitch in terms of explaining to them why this would be a good idea at this lunch?

MR. LYNCH: Objection.

A. I don't remember.

Q. Are you aware of any other overtures that BGC made to GFI about a potential combination or acquisition?

MR. LYNCH: Objection to form.

A. Please repeat the question.

MR. ROTTER: Can you read it back, please.

(Record read.)

A. I think I remember Mr. Lynn told me he was going to reach out to and speak to Mr. Heffron.

Q. Was that to convey BGC's interest in purchasing GFI?

A. I don't know if it was said exactly that way, but generally about a business combination between the two companies.

Q. When did Mr. Lynn tell you that he was going to reach out and speak to Mr. Heffron?

A. I don't remember.

Q. Do you remember whether it was sometime in 2013?

A. It was after the lunch and before we started buying shares.

Q. Do you know what response Mr. Lynn got from Mr. Heffron?

A. My best recollection is Mr. Lynn reported to me that it was cordial but noncommittal.

Q. Are you aware of any other outreach that BGC made to GFI about a potential business combination?

A. Mr. Lynn may have had other outreaches. I did not have any, but I -- you would best ask him for a finer point on that because I don't -- I don't recall further.

Q. Do you recall any outreach that didn't go through either yourself or Mr. Lynn to GFI?

MR. LYNCH: From BGC?

MR. ROTTER: From BGC.

A. I think Mr. Scotto may have spoken to some members of JPI's shareholders.

Q. Could you please spell Scotto?

A. Scotto, S-C-O-T-T-O. He works for BGC.

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Q. In any of your discussions with GFI prior to July 29th, 2014, did you ever indicate a dollar value for GFI?

A. No.

MR. LYNCH: Objection. Is this Mr. Lutnick again or is this BGC generally?

Q. In any of your or BGC's discussions with GFI prior to July 29th, 2014, did you or BGC ever indicate a dollar value for GFI?

A. Not that I know of.

Q. Did you learn from any of the rumors the transaction structure that GFI had negotiated with CME?

A. I don't remember.

Q. Did you learn any details of the pending transaction from the rumors?

MR. LYNCH: Objection.

A. Say that again.

Q. Did you learn any details of the CME/GIF transaction from the rumors?

A. No.

Q. What did you mean when you said that the rumors escalated?

A. My recollection is that it was reported

other people who can take high risk and make a huge return. They double, they triple, they quadruple, they quintuple their money, but they gambled. That's high risk, high return.

What I'm suggesting is there's a different calculus when you take a lower risk. And while the return may be lower, if you compare the risk and its return, the feeling is higher. So people often don't adjust returns for risk, and I do.

Q. So is it fair to say that for BGC acquiring GFI was a very low-risk transaction?

A. Once Mickey Gooch announced the CME's desire to buy the technology assets for $4.55 per share, he reduced the risk for me of the transaction and allowed me to bid higher. He, by doing the transaction with the CME, risk adjusted this transaction for me and enabled us to bid a much higher price.

Q. And is that because you felt it very likely that you would be able to sell Trayport either to CME or to somebody else?

MR. LYNCH: Objection, time frame.

A. Once the CME was public in their desire

to buy the technology aspects of Trayport and Fenics for $4.55 a share, once that was made public to me, I was confident that I could sell them those assets for that price, because they made -- they were a gigantic public company, 25 or 30 billion dollars. They had expressed public interest in these assets.

Therefore I felt that I could rely upon that desire to buy the business, and therefore I did not have risk with respect to buying the company of $4.55. That was covered by these technology assets which I would -- but for Mickey Gooch's transaction announced on July the 30th, I would have not valued those assets at that high a price, and I did not value those assets prior to that at that high a price. So I would not have been able to value it in that way.

Q. The price of 4.55 a share was low enough that you were then able to offer a substantial premium to that price and still have a revery low-risk transaction?

MR. LYNCH: Objection to form.

A. No, no. What happened was the 4.55 was singularly valuing the technology assets at a

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price that I would not have put on those assets. So therefore I was able to pay a premium by thinking whatever I pay for the rest of the business would be a substantial premium, because I could rely on the 4.55 going to -- those two assets going to the CME.

So by selling the tech assets at a price that I had not anticipated those assets would be valued at, he derisked -- effectively derisked the transaction for me. I would not have paid that high a price but for his announced CME transaction.

Q. Why do you say that the $4.55 price valued the technology components of GFI as opposed to the entire company?

MR. LYNCH: Objection.

A. My analysis of the CME transaction was that they had no -- that the CME had no interest in the voice business that was a substantial money loser, and therefore they were willing to sell that to management just to get rid of it, because it was a big money loser.

So it was my analysis that the CME was willing to pay $4.55 per share to have the net

whether anybody else would have paid more.
Q. Did Mr. Lynn say in this letter that the discount he's referring to was only compared to what BGC was willing to pay?
A. Well, it's always our belief, so it's all about us. I didn't think that GFI -- I didn't care whether GFI management should pay more or not. I was talking about us.
Q. Was it in GFI's shareholders' interest to give management a discount in buying the IDB?
MR. LYNCH: Objection.
A. Please repeat the question.
Q. Was it in GFI shareholders' interest to give management a discount in buying the IDB?
MR. LYNCH: Objection.
A. Again, it's a discount as compared to what I would pay, because I had other synergies. As I said just before, I don't know what anyone else would pay but for having our synergies. I only know my own business and what we knew we could do with it.
Again, because they did the transaction, they got a much better price for the Trayport and Fenics assets than I would have ever

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envisioned. So in fact they did surprisingly really a rather extraordinary deal, surprisingly.

MR. ROTTER: I'm going to move to strike as nonresponsive and ask the question again.

Q. The question was was it in GFI shareholders' interest to give management a discount in buying the IDB.

MR. LYNCH: Objection, asked and answered.

A. Was it my understanding that the GFI shareholders did anything. My understanding from reading -- my recollection as I sit here now remembering reading the deal was that the Chicago Mercantile Exchange bid to buy the whole entire company at an effectively 50 percent premium. And then they were going to sell the business to management, not the GFI shareholders. The CME didn't want a piece of money-losing business, was going to sell that to the management of GFI was willing to take it.

So I don't think it had anything to do with the GFI shareholders in and of itself.

Q. Looking back at the sentence -- the

last sentence on page 1. It says, However, given your lack of response to our offer and our belief that the pending transaction deprives GFI's shareholders of an opportunity to realize appropriate value, particularly given the significant discount agreed to with respect to the purchase of the brokerage and clearing business, we intend to make an offer directly to the GFI shareholders.

A. Yes.

Q. Was it your understanding that the GFI/CME deal deprived GFI shareholders of the opportunity to realize appropriate value, particularly given the significant discount agreed to with respect to the purchase of the brokerage and clearing business?

A. It's kind of a two-step thought, which is once they announced the transaction with the CME and the CME defined the value of the Trayport and Fenics assets, it freed me to bid higher than 4.55 for the IDB business, knowing that I could sell the Trayport and Fenics businesses to the CME for 4.55.

So once they announced the transaction

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post-July 30th, all these things are true post-July 30th. So I felt -- I felt it was clear that they had gotten great value for the Trayport assets but that that allowed me to look at the IDB assets and thought to me and to BGC they were at a discounted price to what I thought they were worth and I was willing to pay more.

And on this letter I proved such a fact by saying I would pay 5.25. In effect what I was going to do was sell the Trayport and Fenics assets to the CME for 4.55, and I was going to pay the difference effectively for the IDB business, showing that I would pay more for the whole company. But I needed the deal that they had originally set that showed me what the CME would pay for me to say these things and act the way I did.

Q. Is it true that between the July 29th, 2014, letter from Mr. Lynn and the September 8th, 2014, letter from Mr. Lynn that GFI refused to engage with BGC in discussion of BGC acquiring GFI?

MR. LYNCH: Objection.

A. I do not recall them engaging with us.

IDB buyback price?

A. Once the CME had set its price for the Fenics and Trayport assets, then that was true. Prior to that, so prior to July the 30th, that would not have been true.

Q. Well, prior to July the 30th, you didn't know the price that had been set in the deal for the technology assets; right?

A. Prior to July 30th, I would not have valued the tech assets so highly. Therefore my value of the company would have been lower because I could not rely upon the value of those tech assets and my ability to sell them to someone else.

Prior to July 30th, I assumed if we bought the company as we intended, we would just own those tech assets. We would be buying them and own them as part of our company. And we did not value them nearly as highly as the transaction announced by the CME clearly valued them.

Q. Is it true that although you didn't know the value of the tech assets in the CME deal prior to July 30th GFI management knew of that valuation?

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they valued in and of itself those IDB businesses more than they had originally been.

And therefore we felt that the $1.05 increase was a significant number that showed that that value was undervalued, as far as we were concerned.

Q. Was it clear to you from the feedback that management increased drastically the amount of money that they were willing to pay for the IDB in response to your offers that the original agreement with CME drastically undervalued GFI for the sole benefit of GFI management?

A. No, no. The original deal of July 30th did not drastically undervalue the company. What it did was it clarified to me that the tech assets were worth far more than I had originally thought and therefore allowed me to specifically value on top of that the brokerage assets.

So we would not have bid as high as the CME did without -- meaning at 4.55 without the knowledge that the CME was willing to pay such a high price for the Trayport and Fenics assets. We would not have gotten -- as I sit here today, we would not have bid such a high price, because we

didn't value the Trayport and Fenics assets so highly. That's why.

Q. I'm asking a slightly different question, which is not your valuation of the tech assets but rather GFI management's valuation of the IDB.

MR. LYNCH: That wasn't the question. You can ask him.

MR. ROTTER: I'll ask him the question.

MR. LYNCH: Great.

Q. Did the original agreement with CME drastically undervalue GFI for the sole benefit of GFI management by management not paying as much as they were ultimately willing to pay for the IDB?

MR. LYNCH: Objection.

A. The question -- the way you're asking the question is very difficult. That's why I tried to answer the way I did. I did not feel -- I thought management extracted superior value from the tech asset transaction.

Such value would have been higher than I -- if they had chosen to engage us on July 29th, I don't -- without knowledge of what the CME was willing to pay for the tech assets, I do not think

we would have -- I know I would not have gotten to 4.55. I would not have gotten to 4.55. I did not think the combined company was worth 4.55 at that time on July the 29th.

Come August the 8th, 7th, around a week later, when I figured out that the CME deal had derisked the transaction, because they had defined what the CME would pay for the tech assets, and that price was so high that we could -- far above what we thought they were worth, that we could just focus on the balance of the assets and raise the price and give the GFI shareholders a better transaction, because I was coupling the two things together. And without that I could not have done such an excellent transaction for the shareholders of GFI.

MR. ROTTER: I move to strike that answer as nonresponsive.

Q. I'm focused on the part of your sentence in the last paragraph there that says, for the sole benefit of GFI management.

What was for the sole benefit of GFI management?

MR. LYNCH: Objection.

A. I think "inside takeover" or like a leverage buyout.

Q. Was it the "backwards" part that makes its different than an ordinary leveraged buyout that they were first selling the entire company to the CME and then buying back the IDB?

MR. LYNCH: Objection.

A. Actually, I have no idea. I'm not actually sure what I meant. I think I went into it saying it's like a leveraged buyout, sort of, in part.

Q. Now, as a shareholder of GFI, you believed that $4.55 was a "you've got to be kidding me" price?

A. Ultimately. I mean, once -- once the -- once I saw the July 30 CME bid and that I could pay more, once I figured that out somewhere around August 6, 7, 8, that became my bid, that we could pay more and that this was really derisked and a great opportunity.

Q. So in that context of your knowledge, the "you've got to be kidding me" characterization of 4.55 offer from CME, was that saying that 4.55 was a particularly low price for those assets?

A. What happened, when the -- when the deal was first announced on July 30th, I was bummed, bummed out, depressed, saddened, because I thought it was a good price, more than I was willing to pay for the whole company. It was depressing, because someone else was going to buy the assets and that was that.

And then it took me about a week or so to figure out, oh, you know, really understand the deal and really understand it and figure out that I could -- that the CME really only wanted the tech assets. So therefore it derisked the transaction for me and allowed us to go forward with a higher price.

So I would say the "you've got to be kidding me" moment came sort of around a week later once I realized that the GFI had -- by getting such an excellent price for the Trayport and Fenics assets effectively they had derisked the transaction for us.

Q. And at that point the "you've got to be kidding me" was both from your perspective as a potential acquirer and from your perspective as a GFI shareholder?

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4.55. We would have submitted a bid that would have been lower.

Q. Did Cantor Fitzgerald ever analyze prior to July 30th, 2014, making a bid for GFI that was higher than $4.55?

MR. LYNCH: Objection.

A. In the market -- I don't -- I don't remember. I just -- I know that the market factors of business -- of the interdealer broker business were relentlessly deteriorating. Therefore the economics of older periods of time were economically different than later dates on the calendar.

So as you went forward 2015 was less attractive than 2014, which was less attractive than 2013, which was less attractive than 2012, just because of the constraining nature of regulatory change in the business.

So I'm just generalizing, so I don't remember specifically; but GFI stock was worth more and its business was worth more when the revenues were higher.

Q. Prior to July 30, 2014, how much would you have bid for the IDB component of GFI's

business?

A. I don't know. I would -- prior to July 30 I was looking at buying the whole company. I was interested in the Trayport business. I wanted to buy the whole company. And I would not have paid -- I would -- my recollection is we would have paid in the 4 to 4.25 dollar range for the full company. If asked on July -- before the CME came out they had asked me to bid, my recollection is we would have paid $4, maybe $4.25, as we would have thought as a substantial premium over the $3.11 it was when we sent our letter.

Q. Given your answer about the interdealer broker business deteriorating year after year, why were you buying GFI stock?

A. For the reason I just said, that I liked the Trayport and Fenics assets, that we had built technology businesses before. I liked those businesses. And I thought I could take out substantial costs out of the IDB business to make the company go from a loser to an attractive winner for my shareholders, which I thought eventually we'll buy the company and it will work out well for our shareholders.

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Q. Is it true that GFI management's conflicted exploration of strategic alternatives led their recommending that GFI shareholders accept $4.55 a share in a deal that gave the IDB to management for a discount?

MR. LYNCH: Same objection.

A. I would say it created the most -- far more value for the technology assets than I would have anticipated and in connection with creating the far more value for the technology assets than I would have anticipated, the CME did not want the balance of the assets that were money losing and were willing to sell it to management at a price point for that particular set of assets that I would have gladly paid more for just those particular assets.

Since that was not the case, I thought in fact the initial transaction was a very smart one. It was annoying when I was not being included in the process, but it was surprisingly smart.

Q. When GFI management made the statement to their shareholders that you quote in this press release --